

Message Text

UNCLASSIFIED

PAGE 01 KINSHA 00546 211232Z

ACTION EB-07

INFO OCT-01 AF-08 ISO-00 SEC-01 FTC-01 AID-05 IGA-02

COME-00 TRSE-00 L-03 /028 W

-----211238Z 126943 /14

R 211155Z JAN 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1369

UNCLAS KINSHASA 0546

FOR EB, IFD, ODF JOHN BLANEY

E.O. 11652: N/A

TAGS: EFIN EAID OREP

SUBJECT: GRAVEL PAPER ON TAXATION

REF: A) STATE 9837, B) STATE 4496

FOLLOWING REPRESENTS OUR COMMENTS ON THE SUBJECT PROPOSAL.

(A) WE ARE SOMEWHAT UNCERTAIN ABOUT THE IMPACT OF THE PROPOSED TAX TO BE ASSESSED ON U.S. FIRMS (AS DESCRIBED ON PAGE 13 OF THE TEXT). WOULD THIS NEW TAX OBLIGATION BE AN ADDITIONAL TAX ON THE MULTI-NATIONAL CORPORATIONS OR WOULD IT BE CREDITED AGAINST THEIR NORMAL TAX OBLIGATIONS UNDER THE U.S. CODE? IF IT IS AN ADDITIONAL OBLIGATION, MIGHT IT NOT TEND TO DISCOURAGE THE TYPE OF OVERSEAS ACTIVITIES AND INVESTMENT WHICH IS NEEDED IN THE LDC'S? IT IS POSSIBLE THAT AN INCREASED TAX BURDEN WOULD SERVE TO DECREASE THE ACTIVITIES OF THE MNC'S IN THE COUNTRIES MOST IN NEED OF DEVELOPMENT MONIES, THOSE WHICH ARE GENERALLY REFERRED TO AS MSA'S, SINCE IT IS IN THOSE COUNTRIES WHERE THE RISK IS HIGHEST. IF THIS DEVELOPMENT TAX OBLIGATION IS NOT AN ADDITIONAL TAX BUT IS CREDITED AGAINST A CORPORATION'S NORMAL TAX OBLIGATION, THEN IT WOULD APPEAR THAT THE FISCAL IMPACT IN THE UNITED STATES WOULD NEED TO BE ASSESSED. OTHERS WILL UNDOUBTEDLY INVESTIGATE THIS PHENOMENON AND SEE WHAT ITS IMPACT MIGHT BE ON OFFICIAL DEVELOPMENT ASSISTANCE.

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(B) ANY SUCH PROPOSAL WOULD NEED TO BE VIGOROUSLY PURSUED ON A MULTI-LATERAL BASIS IN ORDER TO INSURE THAT U.S. COMPANIES NOT BE DISADVANTAGED IN COMPETITION WITH JAPANESE AND EUROPEAN MNC'S. ALSO ANY ASSISTANCE WHICH SETS UP AN AUTOMATIC TRANSFER OF RESOURCES LESSENS THE CONTROL AND OVERSIGHT WHICH THE U.S. CAN EXERCISE OVER THESE MONIES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LESS DEVELOPED COUNTRIES, TAX REFORMS, TAX ASSESSMENTS, MULTINATIONAL CORPORATIONS, DEVELOPMENT INVESTMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA00546
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770022-1195
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770130/aaaabagw.tel
Line Count: 62
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 100c61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
Reference: 77 STATE 9837, 77 STATE 4496
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3540637
Secure: OPEN
Status: NATIVE
Subject: GRAVEL PAPER ON TAXATION
TAGS: EFIN, EAID, OREP, CG, US, (GRAVEL, MIKE)
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/100c61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
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